

EXHIBIT NO. 5
DATE 1/10/13
BILL NO. _____

Montana
Department
of Livestock

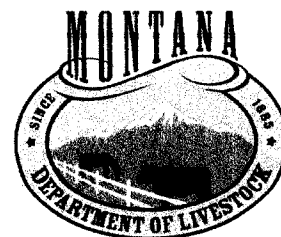
January 10

2013

Legislative
Overview

Montana Department of Livestock

P.O. Box 202001, Helena MT, 59620-2001
406/444-7323



On the web at liv.mt.gov

Follow us on Facebook at [facebook.com/mtdol](https://www.facebook.com/mtdol)

Who we are: There are more cows than people in Montana, and taking care of all those cows and other livestock is a pretty big job. Enter the Montana Department of Livestock, which has been serving and working with livestock producers for more than 125 years.

Mission Statement: *"To control and eradicate animal diseases, prevent the transmission of animal diseases to humans, and to protect the livestock industry from theft and predatory animals."*

History: MDOL is the state's oldest law enforcement agency, having been created in 1885 and empowered to hire stock detectives. Over the past 127 years, once-separate state functions relating to livestock, such as the Board of Sheep Commissioners and Livestock Sanitary Board, evolved into today's Department of Livestock.

Organization: MDOL consists of five divisions:

Animal Health is responsible for the prevention, control and eradication of animal diseases, and preventing the spread of animal diseases to humans.

The *Brands Division* enforces brand laws, investigates and prevents livestock theft, and works with AH to regulate animal movement within and into the state. It's the department's oldest and, with its presence in the field, most visible division.

Centralized Services supports department operations with accounting, budgeting, payroll, personnel and other administrative functions.

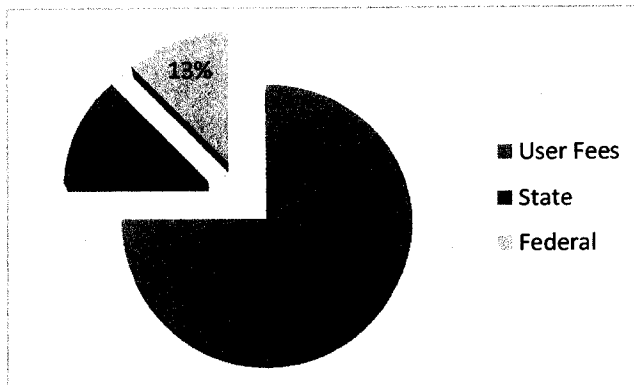
The *Meat & Milk Inspection Division* consists of two bureaus: Meat & Poultry Inspection, and Milk & Egg Inspection. Both have similar missions in ensuring that meat, poultry/meat products, eggs and dairy products processed in Montana meet state and federal requirements via product/site inspection and licensing.

The *Diagnostic Laboratory Division* is the only accredited, full service veterinary laboratory in Montana. It provides disease diagnostic support to veterinarians,

Continued

MDOL Budget

Most of the department's \$12.6 million budget (FY2013) – approximately 75 percent – is derived from user-paid fees such as per capita, brand inspection and lab fees. User-generated fees are deposited into state special revenue accounts, and must be legislatively authorized before being used in programs where the fees originated. The remainder is derived from state general funds (about 12 percent), some of which is required to match federal dollars for federal programs, and federal funds (about 13 percent).



Miscellaneous Budget Notes

- In 2012, the Brands Enforcement Division's budget was \$3.3 million; division personnel recovered strayed cattle worth more than \$4.3 million that same year.
- The 2011 legislature appropriated \$860,000 for DSA testing (50% per capita and 50% general fund). Because state law requires that per capita be spent first, and because of an over-estimate on the number of cattle to be tested, all of the per capita and none of the general fund was spent.
- Despite serving several public health needs, the Montana Diagnostic Veterinary Laboratory receives little funding from the state.

livestock producers and the Department of Fish, Wildlife & Parks as well as other state and federal agencies. The lab also provides support to the AHD and Milk & Egg Bureau, and helps protect public health by testing dairy products and for zoonotic diseases such as rabies. Additionally, the Milk Control Board, the Board of Horseracing and Livestock Loss Board are administratively attached to MDOL.

Laws and Rules: Laws and rules establishing the board and department and directing its activities can be found in Montana Code Annotated Title 81 and Administrative Rules of Montana Chapter 32.

Board of Livestock

An executive branch agency, MDOL is the only state agency governed by a citizens' board, the Montana Board of Livestock (MCA 2-15-3102). Members are nominated by industry, appointed by the governor and confirmed by the Senate, and serve six-year terms. The board consists of four representatives from the cattle industry and one each from the dairy, swine and sheep/wool industries.

Montana's is fortunate in that all seven board members have diverse backgrounds and life-long experience in the agricultural and livestock industries.

Here's a brief introduction to your Board of Livestock.

Jan French, Hobson, cattle representative (chair). French owns the T Lazy T Ranch near Hobson, which she runs with her son, Garth. Her experience includes farming and raising pretty much every species of livestock that can be raised here in Montana.

Linda Nielsen, Nashua, cattle representative (vice chair). Nielsen and her husband and sons run a farming/ranching operation, and also own Glasgow Stockyards. The family has two businesses – *Grains Of Montana Restaurant* and *Grains Of Montana Bakery* – in Billings that utilize products raised on their farm.

Stan Boone, Ingomar, cattle industry representative. Boone sold out and moved his ranching operation from the Bitterroot to eastern Montana in 1988, and has never regretted the move. His son, Mark, is now "mostly in charge" of the VX Ranch, and the two run about 500-600 cow-calf pairs on 45,000 acres.

Brett DeBruycker, Dutton, cattle industry representative. As a family unit, the DeBruyckers own the nation's largest Charolais herd, and have sold

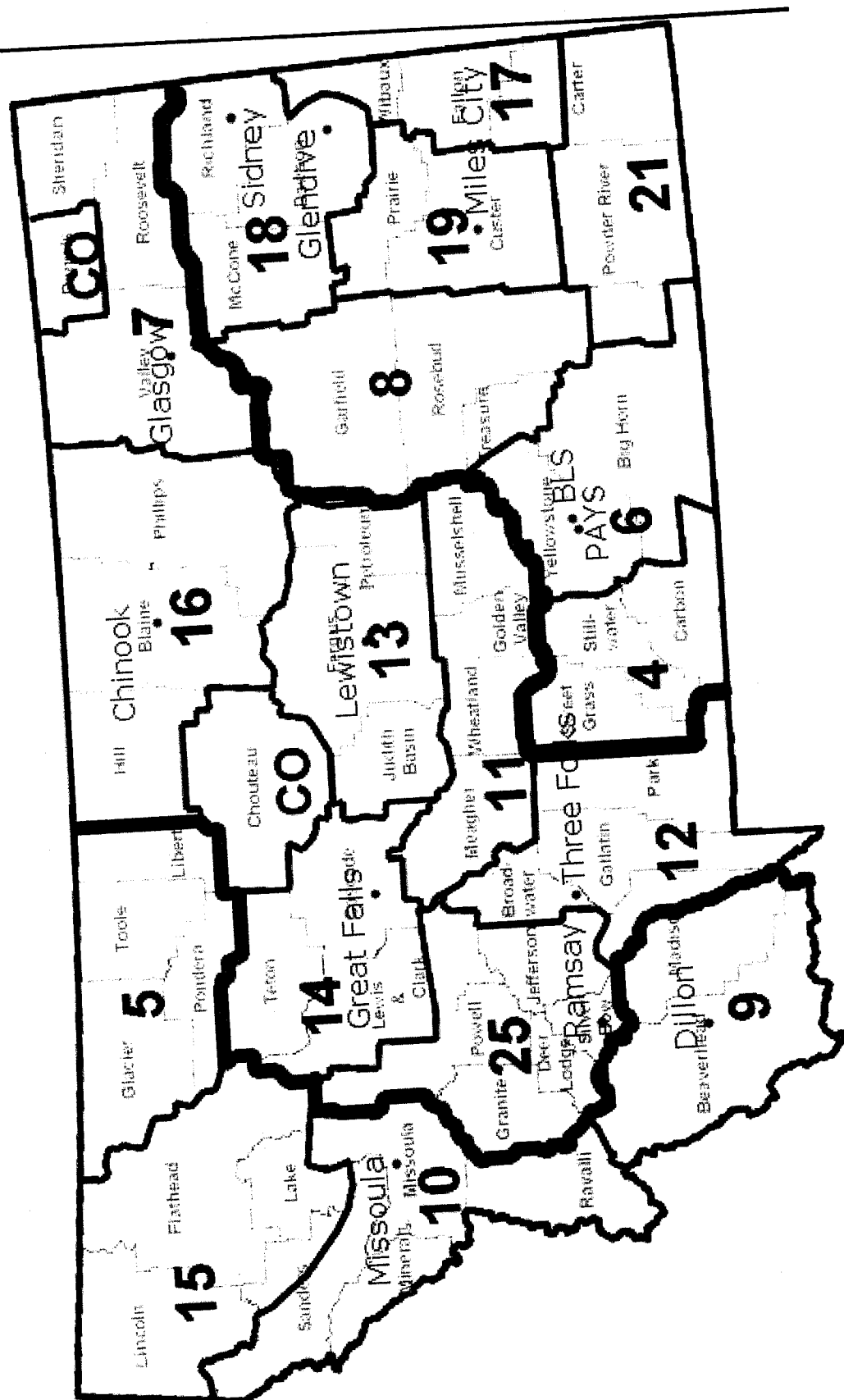


cattle and semen all over the world. Brett, who has his hands full with four girls ages 7 to 16, also farms dryland wheat and barley and irrigated hay.

John Lefeldt, Lavina, sheep industry representative. The Lefeldts have been raising sheep and cattle since the late 1800s. Today, John and his son Erik operate Lefeldt Land and Livestock. They graze sheep on weeds across the state, and Jon serves as a director for the Center of the Nation Wool, Inc., a multi-state wool marketing corporation.

Jeff Lewis, Corvallis, dairy representative. Lewis owns Mu Juice Dairy, a family operation started by his dad with 12 heifer calves in 1978. The dairy now consists of 260 milkers and 250 replacement heifers – all descendants of those first 12 heifers – along with a compost business, Moo Poo Compost.

Ed Waldner, Chester, swine industry representative. Waldner, of the Riverview Hutterite Colony, serves the board as a swine industry representative and also provides significant expertise with poultry production and farming. The colony is one of the most modern and diverse colonies in the state.



**District Year End Totals
18 District Livestock Inspectors and Detectives and
3 Area Managers**

Brands Division Budget	\$3,289,372
Traveled	438,260 Miles
Cattle Inspected	106,795 head
Special Sale Cattle Inspected	1,938 head
Horses Inspected (1,478 lifetimes, 1,420 annuals, 451 other)	3,349 head
Special Sale Horses Inspected	1,223 head
Livestock Vehicles Stopped & Checked	497
Warning Tickets Issued	247
Misdemeanor Cases Investigated/Filed	72
Felony Cases Investigated (21 Known, 16 Unknown)	37
Estrays Found	1,668

**District Inspectors supervise and regulated 646 Deputy State Stock Inspectors and Permit Writers.
Local inspection program by State Livestock Inspectors stationed at 13 Local Auction Markets**

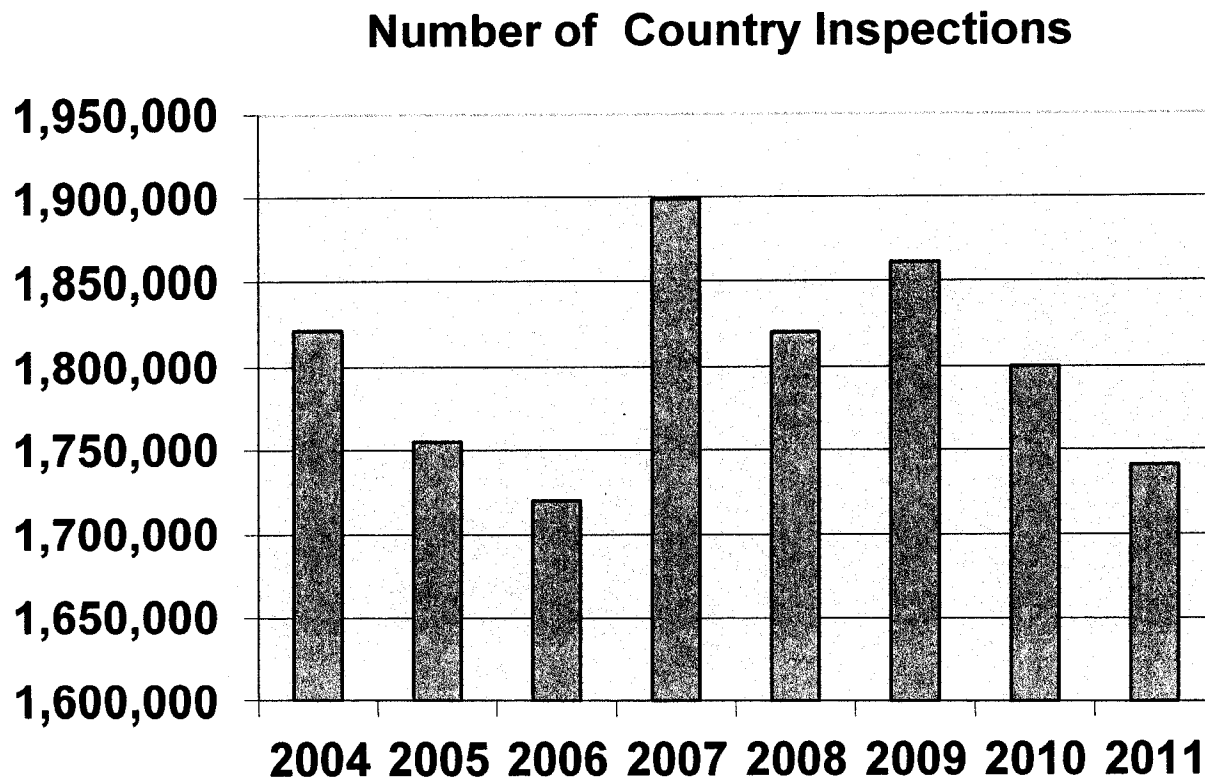
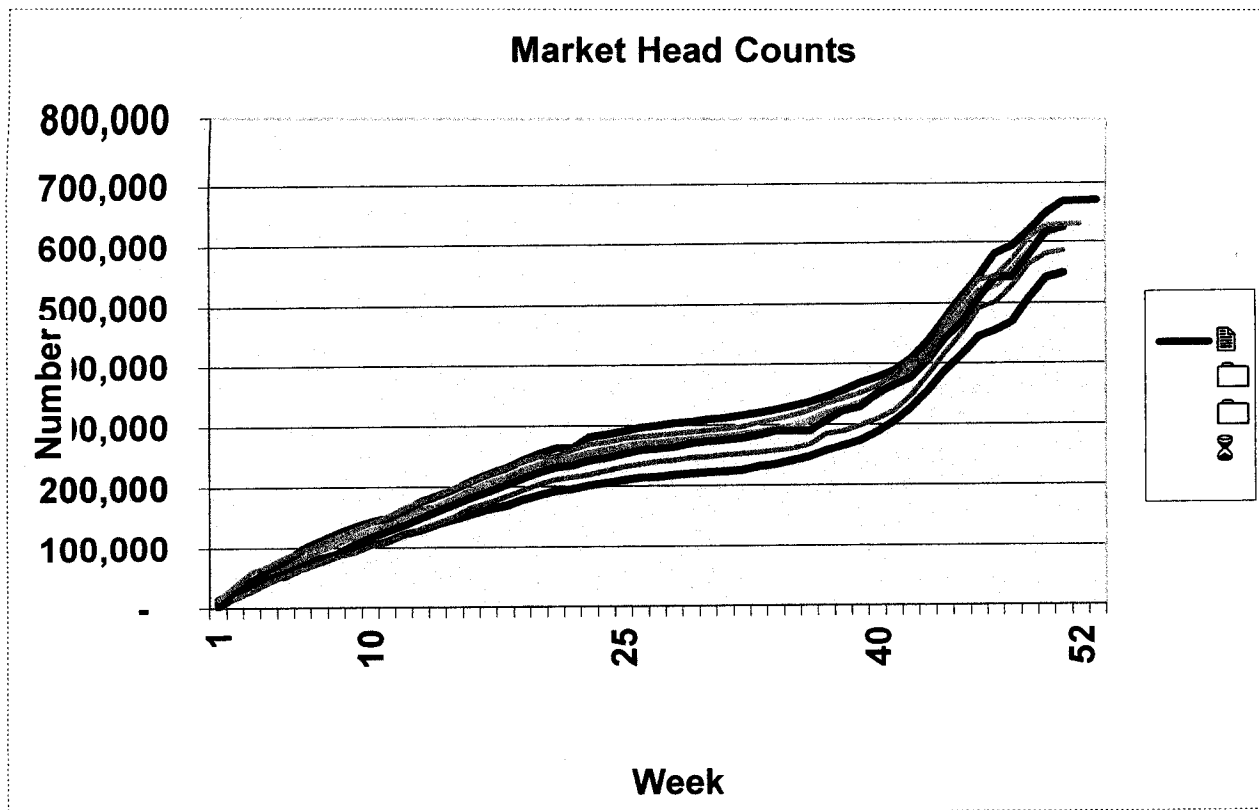
Miles Driven	74,461 Miles
Cattle Inspected	123,706 head
Horses Inspected (1,327 lifetimes, 1,247 annuals, 427 other)	2,921 head
Estrays Found	151 head

2011 Report of Cattle Sold and Strays Found in Montana

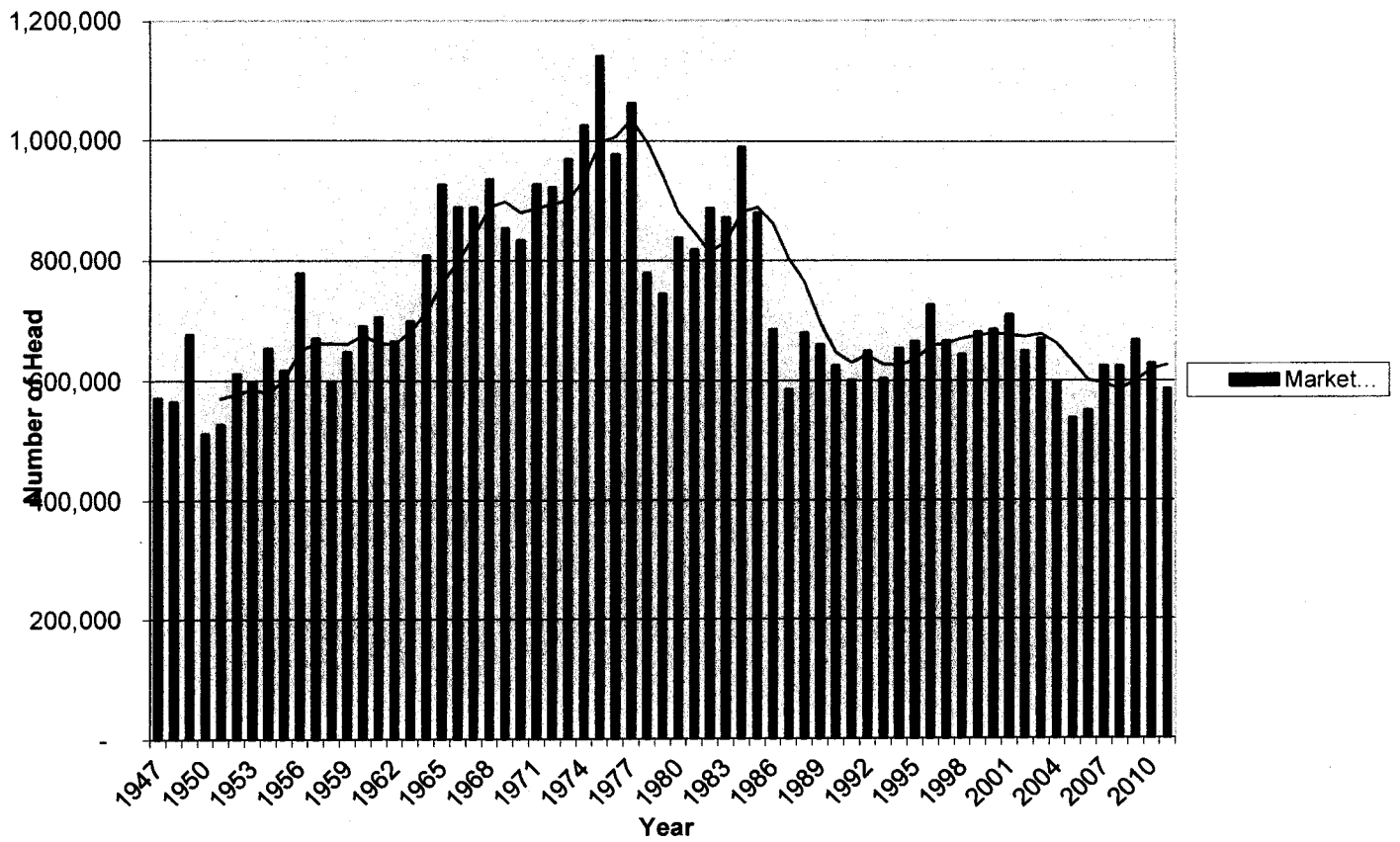
Cattle Inspected Through Markets	Cattle Inspected in Country	Total Cattle Inspected in 2011
585,637	1,740,826	2,326,463
Strays Found Through Markets	Strays Found in Country	Total Strays Found
1,818	1,979	3,797

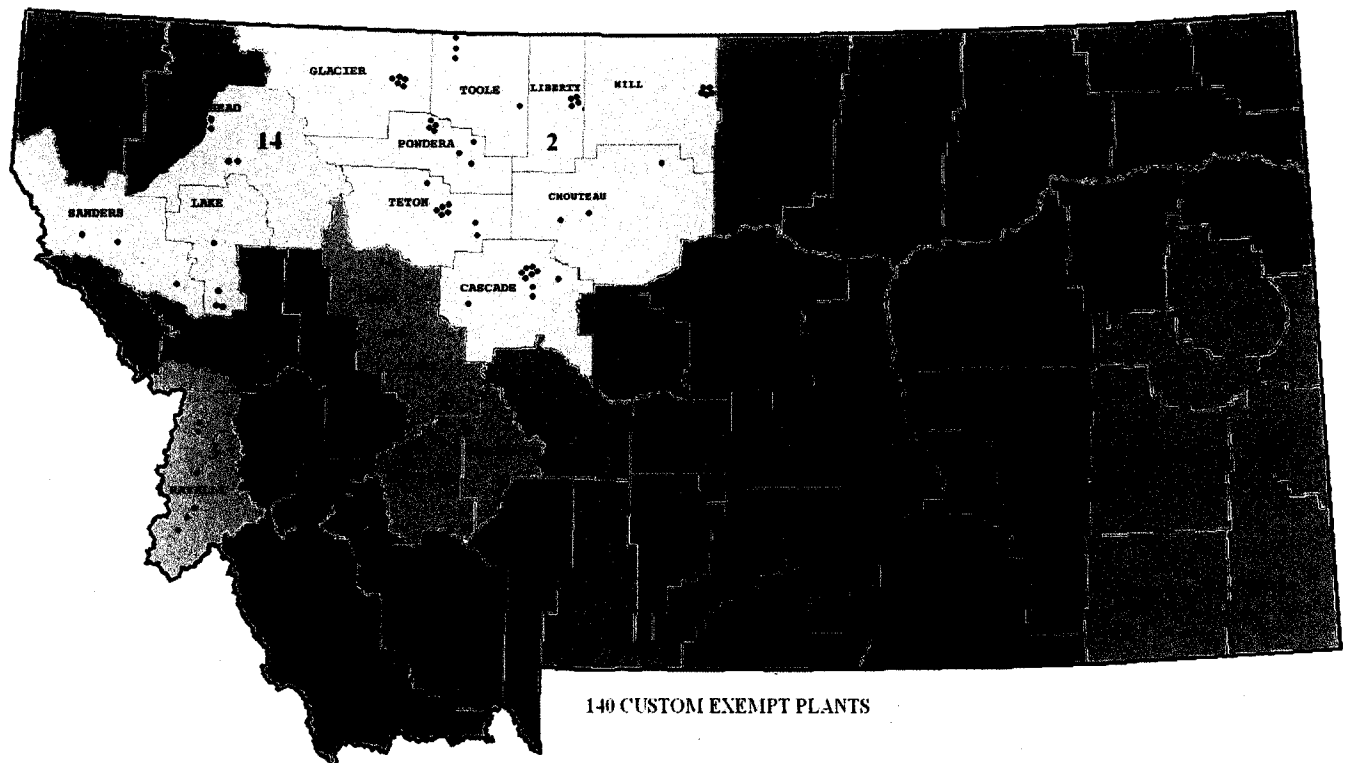
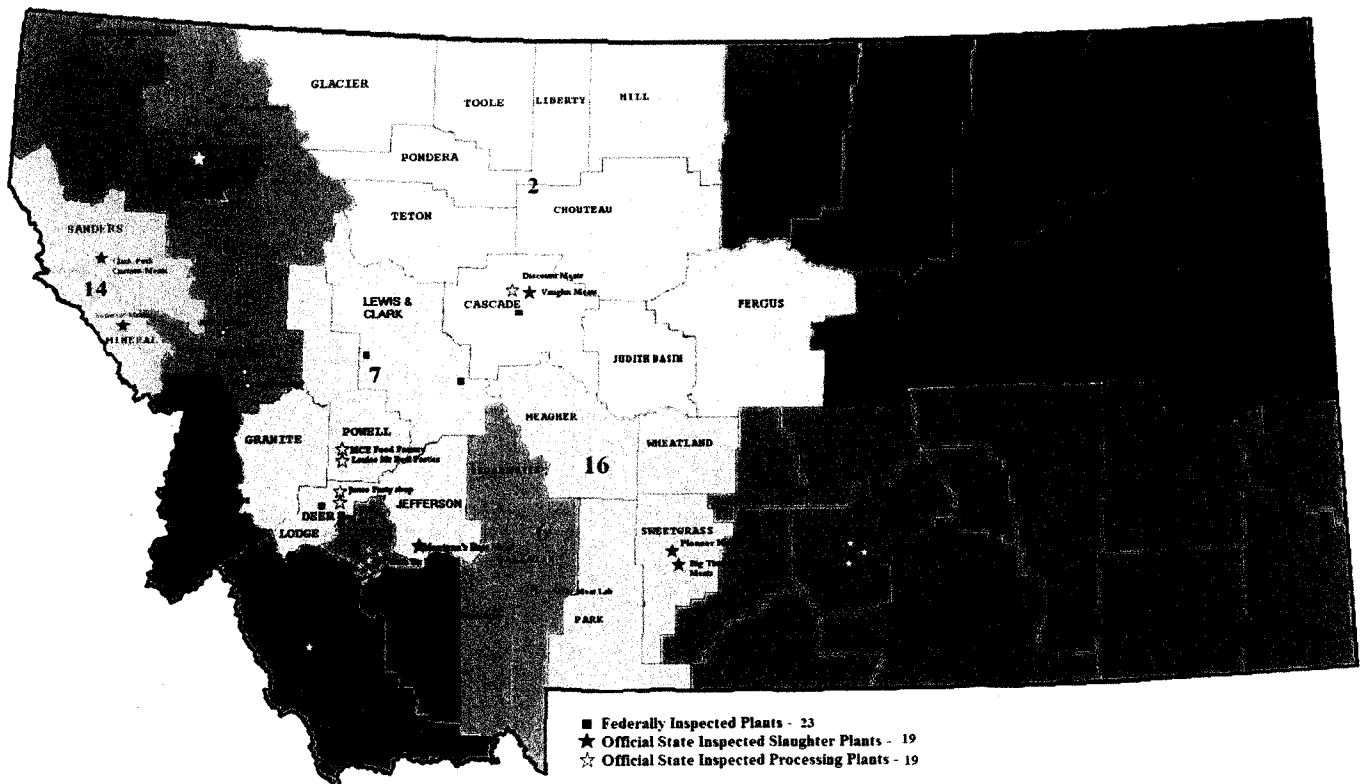
***DOLLAR VALUE AT \$1,150.00 PER HEAD \$4,366,550.00**

**\$1,150.00 -Average dollar value per head of livestock in inventory for 2011. Average dollar value per head of livestock increased \$190.00 from 2010. Value Obtained from Department of Agriculture, Statistics Service.*



Market Inspections





These handouts were printed at a cost of less than one cent each

State Inspected - TOTALS BY PLANT FOR 2011

PLANT NAME	Steer	Heifer	Beef Cow	Bulls	Swine	Sheep	Goat	Ratite	Elk	Bison
Vaughn Meats	249	158	198	148	15	18	0			3
A Bar S Processing	94	5	2	3	52	3	0			5
Lolo Locker	297	116	3	6	507	178	6			3
Maddison Meats	168	48	24	18	357	328	7			15
Big Timber Meat	345	57	51	8	1040	161	18			
Lower Valley Processing	42	3	13	1	78	25	0	265	52	23
Meat Montana	293	116	58	46	292	144	8			
Hamilton Packing Company	260	59	33	9	275	44	0			
Vandevanter Meats	76	12	14	8	241	34	12			
Superior Meats	225	61	42	24	85	47	0		12	2
M3 Meats	25	10	4	2	648	0	0			
Farm to Market Pork	69	67	21	4	163	11	0			
S&T Project Meats	86	12	10	6	59	24	1			
Burwell's Butcher Shop	102	34	49	17	1955	146	8			
Montana's Best Meats	405	142	147	37	726	591	0		8	6
Pioneer Meats	161	30	29	7	225	101	3			16
Clark Fork Custom Meats	175	75	90	10	173	4	0			10
C&K Meats	260	134	101	55	287	48	1			
Bear Paw Meats	25	21	11	6	26	0	0			
Beeman's Butcher Shop	0	0	0	0	0	0	0			
Totals	3357	1160	900	415	7204	1907	64	265	72	83

69 Dairies

Number of cows per operation

Number of cows per operation
range from 35-750 based on 2010 figures

Montana Department of Livestock

P.O. Box 202001, Helena MT, 59620-2001
406/444-7323



On the web at liv.mt.gov

Follow us on Facebook at [facebook.com/mtdol](https://www.facebook.com/mtdol)

The Montana Veterinary Diagnostic Lab and You

(more)

If you drink milk, eat eggs, hunt, own a dog, cat or other companion animal or raise livestock, the Montana Veterinary Diagnostic Laboratory (MVDL) is working for you.

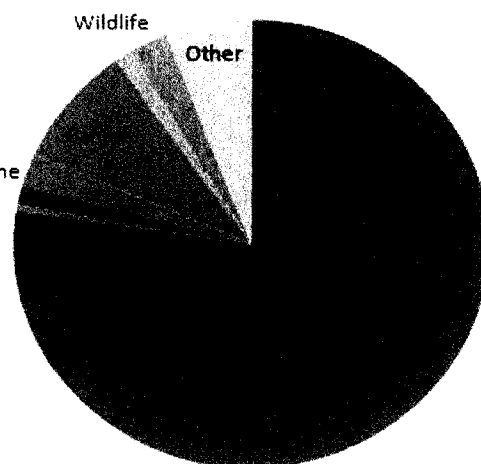
Located in Marsh Laboratory on the Montana State University campus in Bozeman, the MDVL is the state's only accredited, full-service veterinary laboratory. It provides disease diagnostic support to wide range of clients, including veterinarians, livestock producers, companion animal owners and the Department of Fish, Wildlife & Parks as well as many other state and federal agencies.

The laboratory also supports the Department of Livestock's Animal Health Division and Milk & Egg Bureau, and helps protect public health by testing dairy products and testing for zoonotic diseases (diseases that can be spread from animals to humans, like rabies or salmonella).

Funding: The MVDL is funded through a combination of laboratory fees, general fund appropriations, and most recently, livestock per capita fees. Federal cooperative agreement funds are used for specific programs and equipment.

The amount of per capita fees used to fund the lab has doubled the past four years, and based on current budget estimates, can be expected to increase if additional sources of funding cannot be secured. Compounding the problem is that fees charged for services performed, which have not been raised since 2007, are already as high or higher than those charged by neighbouring states; any additional increases in fees could prompt clients to "shop" for other services.

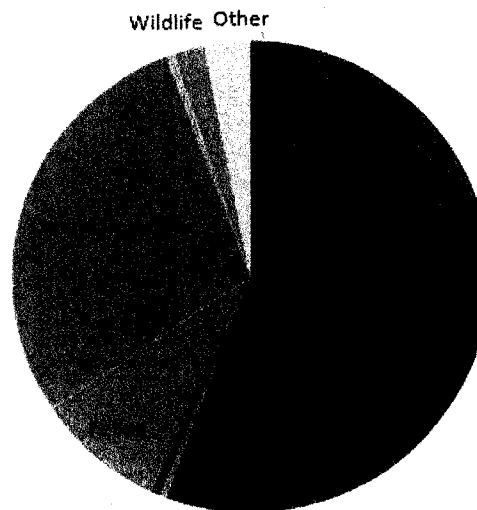
All told, users pay for about 53 percent of the lab's total operational budget; users in surrounding states



Testing By Species, 2008-2012



Accessions, 2008-2012

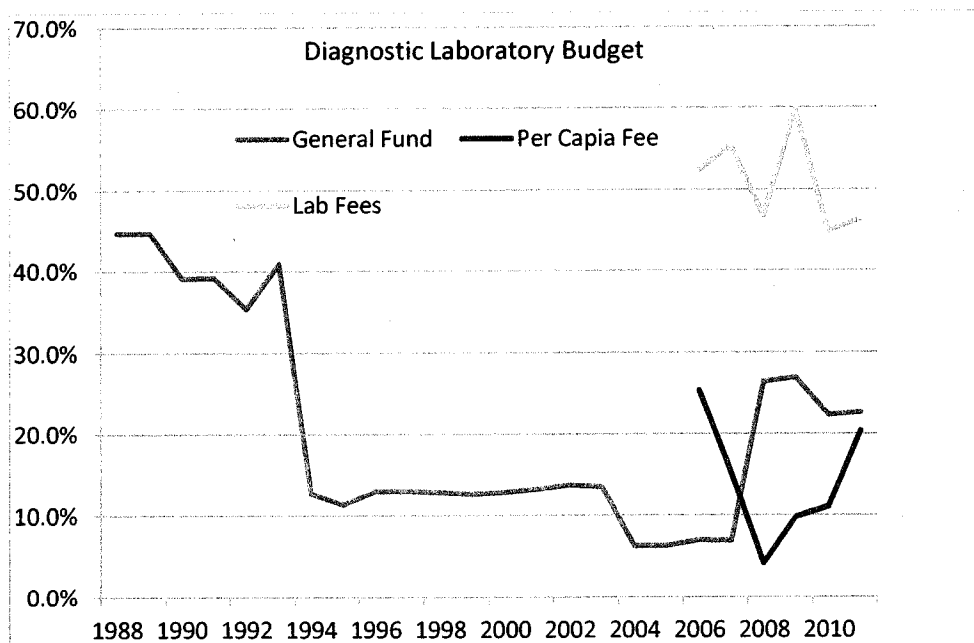


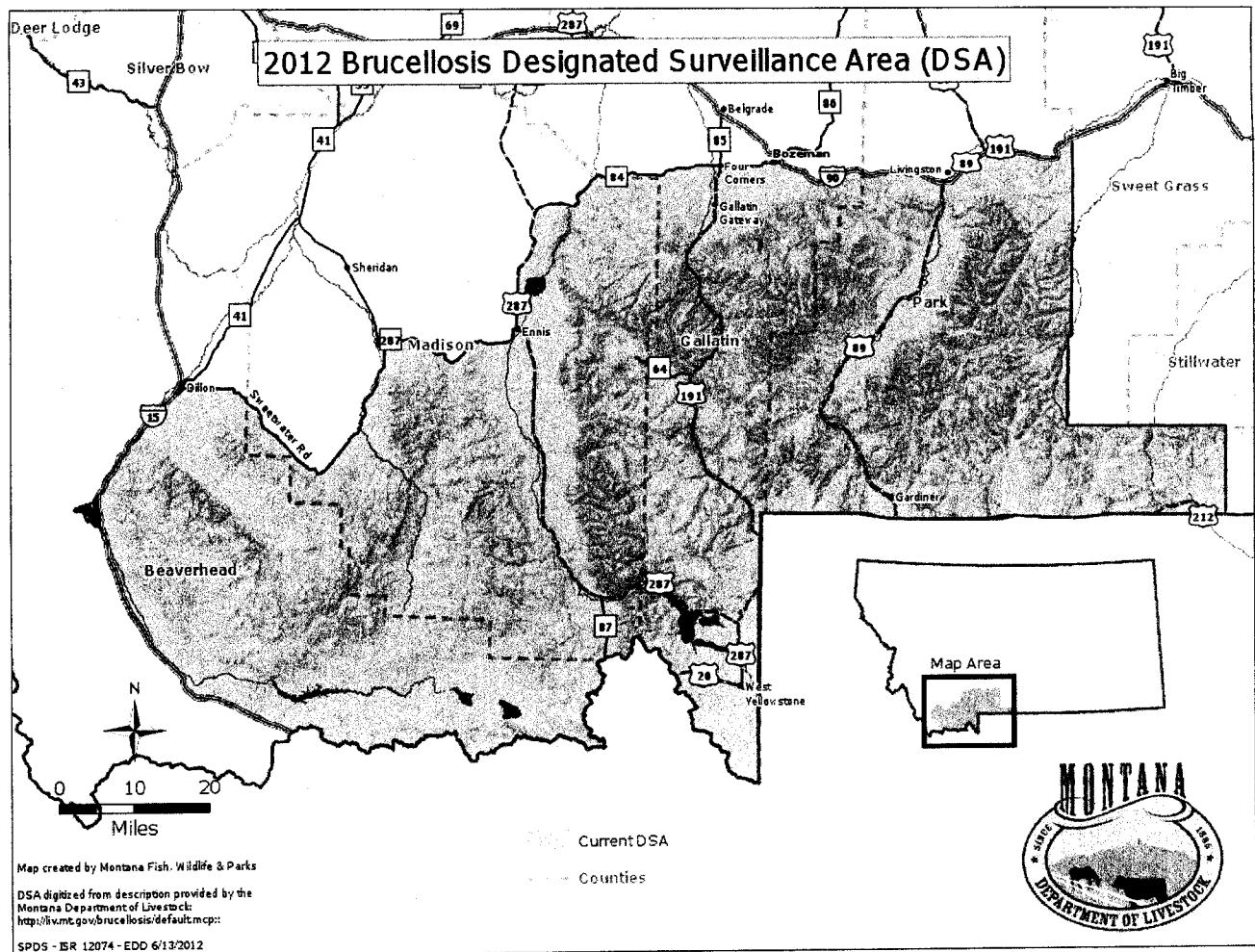
pay less (40 percent of the total in Wyoming, 30 percent in North Dakota and 50 percent in South Dakota).

Facilities: The MVDL is accredited by the American Association of Veterinary Laboratory Diagnosticians and is a member of the National Animal Health Laboratory Network. Every five years, the AAVLD conducts an accreditation review. The lab has been on provisional accreditation since 2007, due in large part to the age and condition of the building. Unless this situation is addressed, the MVDL could face losing its accreditation, thus effectively shutting down its operations.

Objectives: Established objectives of the MVDL include...

- To protect the public health, promote a compliant state dairy industry and assist in the control and prevention of zoonotic diseases, including rabies.
- To meet World Organization for Animal Health standards and American Association of Veterinary Laboratory Diagnosticians accreditation requirements.
- To fulfill requirements and surveillance duties directed by regulatory and guidance agencies.
- To provide support for the Montana Department of Livestock Animal Health and Meat, Milk & Egg Divisions.
- To promote the marketability and reproductive health of Montana livestock.
- To support veterinarians, livestock producers and companion animal owners by continuously improving client service and satisfaction by providing high quality, cost effective testing, consistent test turnaround rates, excellent customer service and accurate data processing.





DSA REIMBURSEMENTS

TOTAL HEADCOUNT PROCESSED

REIMB TYPE	NOV 2012	TOTAL
MARKET TEST	570	3841
RANCH TEST	3441	26894
TOTAL TESTS	4011	30735
ADULT VACC	1	4434

TOTAL AMOUNT PROCESSED

REIMB TYPE	NOV 2012	TOTAL
MARKET TEST	\$ 4,845.00	\$ 32,648.50
RANCH TEST	\$ 37,764.34	\$ 207,274.19
ADULT VACC	\$ 4.00	\$ 17,736.00
TOTAL	\$ 42,613.34	\$ 257,658.69

*These tables reflect numbers and amounts *processed* during the reported month. The actual testing and adult vaccination dates range from July 2012 – November 2012 and were reimbursed from funding secured through House Bill 2. The total amount listed in both tables is for calendar year 2012.